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OFFICE OF REPORTS AND ESTIMATES, CIA
FAR EAST/PACIFIC DIVISION

INTELLIGENCE HIGHLIGHTS NO. 89
22 FEBRUARY to 28 FEBRUARY 1950

SECTION I. SUMMARY OF FAR EAST TRENDS AND DEVELOPMENTS

Although the involvement of US officials in further "espionage" trials in China is still possible, it appears probable that most consular and embassy personnel will be able to withdraw without incident (p. 2).

Ho Chi Minh's successful extension of a recognition invitation to Yugoslavia serves as an occasion for the review of other evidence that the Moscow-trained revolutionary may be pursuing a "nationalist" course in Indochina (p. 2).

Unconfirmed reports that Thailand will recognize the Bao Dai regime in Indochina indicate that Premier Phibul values present US aid more than he fears future Communist reprisals (p. 3).

Prime Minister Thakin Nu has joined the ranks of Burmese officials who have made discreet inquiries about the possibility of US aid (p. 4).

In view of the developing economic crisis in the Philippines, Embassy Manila has proposed a new program of US supervisory aid (p. 4).

NEWS NOTES

[REDACTED] CHIANG to resume Presidency...
Ceylon buys Burmese rice... "Anti-Bandit Month" in Malaya.

(NOTE: Section III contains a review of the problems facing a Communist expedition to Lhasa.)

The marginal notations used in succeeding sections of this Weekly ("A", "B", or "C") indicate the importance of the items in D/FE opinion with "A" representing the most important.

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SECTION II. DEVELOPMENTS IN SPECIFIED AREAS

CHINA

Withdrawal of US officials from China--The Peiping regime has thus far neither encouraged US officials to remain in China nor placed any obstacles in the way of their withdrawal. Apart from an ambiguous public statement mocking the anticipated request of US officials to return to China, and hints from non-Party sources that US officials might be welcome to remain in an unofficial capacity, the Communist authorities have given no indication that they wish to maintain any sort of relations with the US. At the same time, the Communists have not yet exploited the opportunities for embarrassing departing US officials either by demanding extortionate payments for exit permits or by staging further "espionage" trials. Neither have the Communists thusfar "retaliated" against US officials for the Nationalist bombing of Shanghai, which Communist propaganda blames on the US.

"B"

The Peiping regime may have delayed any action on US officials pending the return of MAO Tse-tung to China and the formulation of a decisive policy based on the results of MAO's negotiations in Moscow. The Communists cannot be expected to ask the US to reconsider its withdrawal decision, however. The apparently benevolent Sino-Soviet treaty has placed the Chinese Communists' Stalinist leadership in a strong position so far as the nationalist elements of the Party are concerned. This fact may impel MAO to force a showdown in the Party in the near future.

Should this showdown occur while US officials are still in China, the Party leadership may choose to "involve" the officials with any anti-Stalinist Chinese figures who are to be purged. Present evidence of Communist intentions, however, suggests that most, if not all, US officials in China will be permitted to depart as planned.

INDOCHINA

Ho's Nationalist trend--The generally-accepted estimate of Moscow-trained revolutionist Ho Chi Minh as a 100% Stalinist was exposed to some doubt recently when Yugoslavia was included in Ho's invitation "to all nations" to establish diplomatic relations with his "Democratic Republic of Vietnam."

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25X1 The occasion of this "deviation" makes it appropriate to examine other evidence which points to the development of a "nationalist" Communist regime in Vietnam: (1) The Indochinese Communist Party, officially defunct since 1945, has not yet been resurrected, despite Moscow and Peiping recognition of Ho;

(3) Ho's propaganda service, in contrast to the USSR, has consistently avoided criticism of the governments of Burma, Thailand, India and Indonesia and has kept the door open for "friendly relations" with those countries; (4) Ho's Bangkok spokesmen have announced that "any" invaders of Vietnam, including Chinese Communists, would be forcibly repulsed. Whatever weight is given to such evidence, Ho's Yugoslav maneuver will undoubtedly be interpreted locally by non-Communist Vietnamese, almost all of whom have actively or passively supported his movement, as evidence of Ho's political acumen and freedom of action.

THAILAND

Recognition of Bao Dai—The Thai Cabinet has thusfar been divided over recognition of the Bao Dai regime in Indochina, and Premier Phibul, supported by the majority of his Ministers and many military leaders, has been pressing for early recognition because he is reported to believe such action will result in US military aid to Thailand. A small civilian minority led by Foreign Minister Pote Sarasin, however, has advocated a "wait and see" policy. Pote has even threatened to resign should Thailand recognize Bao Dai, whom he considers to be a French puppet.

"A"

The Thai Government's final decision on recognition will be conditioned by several considerations, among them: (1) apprehension over the impact on Thailand of a Ho regime, supported at least morally by Communist China, in a position of paramountcy in Vietnam; (2) a strong desire for US military assistance in reinforcing Thailand's anti-Communist position; and (3) concern over the problem of dealing with the 40,000 Vietnamese resident in Thailand who actively support Ho Chi Minh. Fundamentally, however, the question resolves itself into a conflict between Thai desires for US aid and the wish to retain flexibility of action in relation to neighboring Indochina, whoever is in control, as well as to China itself. Presently unconfirmed press reports state that Phibul has decided to overrule Pote and that Thailand will extend recognition. If true, the action indicates that Phibul desires present US aid more than he fears eventual Communist reprisals.

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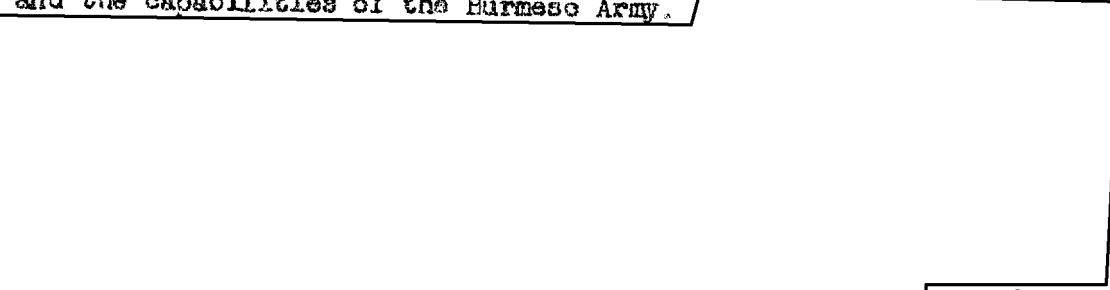
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BURMA

Aid hints continue—The recent series of Burmese enquiries regarding the possibility of US military assistance was climaxed last week by an approach to US Embassy Rangoon from Prime Minister Thakin Nu. Professing that he was only seeking information, Nu indicated that Burma needed arms and equipment for ten new battalions (about 8,000 men) to be used as frontier guards along the ill-defined and extensive Sino-Burman border. Thakin Nu, however, did not commit himself or his Government to a definite request for US aid. Perhaps to clear the air for the Prime Minister's approach, the Burma Army's weekly broadcast, heretofore strongly critical of "Anglo-American imperialism", carefully differentiated between British and Americans and implied approval of US efforts to contain the spread of communism.

"B"

There is no doubt that the Burmese Government could use more troops, both to guard the China frontier and to restore internal stability. There appears to be considerable discrepancy, however, between Thakin Nu's plans for military recruitment and disposition and the capabilities of the Burmese Army.



Despite such problems, the fact of Burmese approaches to the US, however tentative, is an encouraging indication of that nation's increasing tendency to turn to the West.

PHILIPPINES

New aid program recommended—Embassy Manila has recommended that the US undertake a new economic assistance program in order to prevent serious deterioration of the Philippine economy with consequent social unrest and increased dissident activity. Such a program, requiring both technical assistance and direct grants, would enable the US to exert pressure upon the Philippine Government to undertake financial reforms and would at the same time permit the US to guide implementation of a realistic economic development plan.

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Technical and supervisory assistance is indicated because the Philippine Government alone apparently does not have the fortitude and knowledge necessary to cope with its problems. Initial US grants would probably be necessary because the Philippine economy is unable to generate the foreign exchange necessary to pay interest and amortize a loan for the minimum assistance program envisaged.

The Embassy suggests that the flow of US funds should be strictly conditioned on effective implementation of an over-all plan and maximum self-help measures. Unless the Philippine Government agrees to realistic financial measures including budget, taxation and banking credit reforms, any credits advanced might well be employed without lasting benefit. Moreover, if the over-all plan is not implemented according to schedule and US funds continue to be dispensed regardless, the Philippine Government would not be receptive to US advice.

Since the conditions outlined by the Embassy as prerequisites for further US aid would entail extensive US control, some Philippine resistance can be expected. However, President Quirino has already requested a US economic survey mission and other Philippine officials, recognizing the seriousness of the Republic's economic situation, will probably cooperate out of necessity.

NEWS NOTES



CHIANG Kai-shek has announced that on 1 March he will resume the Presidency of Nationalist China from which he "retired" on 21 January 1949.

Ceylon's agreement last week to purchase immediately 50,000 tons of rice from Burma constitutes a break in the Commonwealth "front" against payment of the increased price lately demanded by the Burmese. The contract was probably prompted by recent Japanese

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purchases of Burmese rice and is believed to have been expedited through the direct intervention of the Ceylonese Minister in Rangoon who, fearing Ceylon would not otherwise obtain its required quota, acted without consulting other Commonwealth representatives. Commonwealth countries depending on Burmese rice probably will follow Ceylon's lead and conclude similar agreements based on the higher price.

The major offensive against bandits in Malaya, promised by the British High Commissioner in December, was officially launched on 26 February. More than 350,000 civilian volunteers are reported to have undertaken law enforcement functions formerly handled by the security forces, thus releasing these units for combat duty in the jungles. All army, police and government leave has been canceled and extra rewards have been offered for the seizure of unlicensed arms and ammunition, and for the capture of terrorists. The drive is scheduled to last for one month.

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SECTION III. TIBET INVASION PROBLEMS

The Chinese Communists are now in possession of the two traditional "jumping off" points in Sikang and Tsinghai for travel to Lhasa, and General CHU Teh has called on the people of these regions to assist the Communist army in its "liberation" of Tibet. If the "liberation" of Tibet is to be achieved, however, Communist military forces must still travel great distances over remarkably rugged terrain inhabited by hostile folk in order to occupy Lhasa, seat of Tibetan secular and spiritual authority.

Historically, this feat has been accomplished by military forces from China on three occasions, the last in 1910. Access to Outer Tibet, where Lhasa is located, is difficult. Great mountain masses, lofty passes and harsh climate retard the traveller. Caravans move slowly and the length of a day's march, or "stage" is controlled by the location of water and pasturage. The altitude of Tibetan trails, which range up to 19,000 ft. and seldom drop below 12,000, is enervating to both men and animals. Caravans normally change their animals at various staging points along the way, in accord with the typically Tibetan system of corvee transport called ula, or by rental when ula rights cannot be invoked.

In general, caravans moving from China to Outer Tibet are confined to a few established routes. The most southerly of the routes, while crossing some exceptionally difficult terrain, passes through comparatively settled regions and its staging points are better stocked than those of the northern routes. These cross the eastern reaches of a high plateau, the Chang Tang, which is a desert region where occasional bands of Mongol and Tibetan nomads are found. Food, pasturage and even potable water is scarce.

By either northern or southern routes, starting from the Kokonor region of Tsinghai or from Tachienlu in Sikang, it is some 1,000 miles to Lhasa, a journey which normally requires from 2 to 4 months. The logistic problems facing a sizeable force in this region are tremendous. The country is so poor that a large percentage of any caravan's daily rations must be carried along. Passage largely depends upon the Tibetan supply of local pack animals, and whole tribes, on occasion in the past, have deserted the main trails and decamped with all their animals. For all these reasons, it is believed that a relatively small and compact invasion force would offer the Chinese Communists the best opportunity for a successful expedition to Lhasa.

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To counter a Communist invasion, Lhasa controls a 10-15,000-man army and can call up a reported 20,000 additional men with some degree of military training. Equipped with old British light weapons, the Tibetan army must rely on India for replenishing its inadequate stocks, and India can assist with only small amounts. The Tibetan army lacks cohesion, its leadership is inexperienced and, despite the great defensive advantages offered by terrain and individual acclimatization, it is not believed that the Tibetans can halt a Communist invasion. The real strength of the Tibetans thus appears to lie not in their army but in the area's potentialities for guerrilla action. If Lhasa can mobilize the armed tribesmen of the east and northeast, a program of harassing guerrilla action, in conjunction with the Tibetan Army's efforts and the obstacles of Tibetan terrain, would make the Communist campaign both costly and time-consuming.